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*Proposed Attorneys for the Chapter 11 Debtors
and Debtors In Possession*

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

IN RE:
ASTRIA HEALTH,

Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01189-11

IN RE:
GLACIER CANYON, LLC,

Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01193-11

IN RE:
KITCHEN AND BATH
FURNISHINGS, LLC,

Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01194-11

MOTION FOR JOINT ADMINISTRATION
AND LIMITED NOTICE
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IN RE: OXBOW SUMMIT, LLC, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01195-11
IN RE: SHC HOLDCO, LLC, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01196-11
IN RE: SHC MEDICAL CENTER - TOPPENISH, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01190-11
IN RE: SHC MEDICAL CENTER - YAKIMA, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01192-11
IN RE: SUNNYSIDE COMMUNITY HOSPITAL ASSOCIATION, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01191-11
IN RE: SUNNYSIDE COMMUNITY HOSPITAL HOME MEDICAL SUPPLY, LLC, Debtor and Debtor In Possession.	Chapter 11 Case No. 19-01197-11

IN RE:
SUNNYSIDE HOME HEALTH,
Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01198-11

IN RE:
SUNNYSIDE PROFESSIONAL
SERVICES, LLC,
Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01199-11

IN RE:
YAKIMA HOME CARE HOLDINGS,
LLC,
Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01201-11

IN RE:
YAKIMA HMA HOME HEALTH,
LLC,
Debtor and Debtor In
Possession.

Chapter 11
Case No. 19-01200-11
**DEBTORS' JOINT MOTION FOR AN
ORDER (A) DIRECTING THE JOINT
ADMINISTRATION OF THESE
CASES,¹ INCLUDING THE USE OF
CONSOLIDATED LISTS, AND (B)
LIMITING SCOPE OF NOTICE
*WITH REQUEST TO SHORTEN TIME
FOR NOTICE AND OBJECTIONS &
REQUEST FOR EMERGENCY
HEARING***

¹ This Motion seeks to administratively consolidate each of the thirteen cases filed on May 6, 2019.

1 **EMERGENCY MOTION**

2 Pursuant to Rule 1015(b), 2002, and 9007 of the Federal Rules of Bankruptcy
3 Procedure (“Bankruptcy Rules”) and Rules 1015-1(b) and 2002-1 of the Local
4 Rules for the United States Bankruptcy Court for the Eastern District of
5 Washington (the “LBR”), Astria Health (“Astria”), Glacier Canyon, LLC
6 (“Glacier”), Kitchen and Bath Furnishings, LLC (“K&B”), Oxbow Summit, LLC
7 (“Oxbow Summit”), SHC Holdco, LLC (“SHC Holdco”), SHC Medical Center –
8 Toppenish (“SHC Toppenish”), SHC Medical Center – Yakima (“SHC Yakima”),
9 Sunnyside Community Hospital Association (“Sunnyside”), Sunnyside Community
10 Hospital Home Medical Supply, LLC (“Sunnyside Home Medical Supply”),
11 Sunnyside Home Health d/b/a Astria Home Health (“Sunnyside Home Health”),
12 Sunnyside Professional Services, LLC (“SPS”), Yakima Home Care Holdings, LLC
13 (“Yakima Home Care”), and Yakima HMA Home Health, LLC (“Yakima Home
14 Health”), debtors and debtors-in-possession (collectively, the “Debtors”) in the
15 above-captioned chapter 11 bankruptcy cases (these “Chapter 11 Cases”), jointly
16 move by this motion (the “Motion”) *ex parte* for the emergency entry of an order
17 (a) authorizing the joint administration of these Chapter 11 Cases for procedural
18 purposes only, including the use of consolidated lists, and that the Court maintain
19 one file and one docket for all of the Chapter 11 Cases under the lead case: *In re*
20 *Astria Health*; and (b) approving a Limited Mailing List and a limited notice
21 procedure.

1 The requested relief will ensure that the thirteen Chapter 11 Cases filed on
2 May 6, 2019, can be dealt with in an efficient and economical manner, for the
3 benefit of the estates, the Court, the Office of the United States Trustee, and
4 creditors, thus avoiding the need to file numerous repetitive, similar motions and
5 other pleadings in the thirteen different Chapter 11 Cases. This Motion is based on
6 the information contained herein, the attached Declaration of John Gallagher
7 (“Gallagher Dec.”),² and other admissible evidence properly brought before the
8 Court. In addition, the Debtors request that the Court take judicial notice of all
9 documents filed with the Court in these Chapter 11 Cases.

10 JURISDICTION

11 This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157
12 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

13 STATEMENT OF FACTS

14 A. General Background

15 1. On May 6, 2019 (“Petition Date”), the Debtors each filed a voluntary
16 petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C.
17 §§ 101, *et seq.* (the “Bankruptcy Code”). The Debtors continue to manage their
18 businesses as debtors in possession pursuant to §§ 1107(a) and 1108 of the

19 _____
20 ² The Debtors will also be submitting a separate declaration of John Gallagher in
21 support of the other “first day” motions being filed on the Petition Date.

1 Bankruptcy Code.³

2 **B. Astria Operates a Statewide Healthcare System Through Its Affiliates**

3 2. The Astria Health system, headquartered in the heart of Yakima
4 Valley, Washington, and providing medical services to patients who generally
5 reside in Yakima County and Benton County, Washington, is the largest non-profit
6 healthcare system based in Eastern Washington, with annual revenues of
7 approximately \$240 million. Gallagher Dec. at ¶ 13. Astria is the parent non-profit
8 organization of Yakima, Sunnyside, and Toppenish (collectively, the “Hospitals”),
9 along with outpatient Astria Health Centers (14 medical clinics and 24 specialty
10 clinics), Ambulatory Surgical Center, Astria Hearing and Speech, and Astria Home
11 Health and Hospice with healthcare sites and providers conveniently located in
12 towns and cities throughout the region. *Id.* Collectively, they have 315 licensed
13 beds, three active emergency rooms, and a host of medical specialties. *Id.*

14 3. Overall, the Astria health care system provides medical treatments to
15 approximately 346,400 patients annually, including approximately 7,344 who
16 spend at least one night in its Hospitals during the year. *Id.* at ¶ 14. Astria’s
17 necessity to the health and welfare of the people of the Yakima Valley is evidenced
18 by several facts, including having the:

19 _____
20 ³ All references to “§” or “section” herein are to Sections of the United States
21 Bankruptcy Code.

- *only* open-heart surgery program in Yakima County;
- *only* neurosurgery program in Yakima County;
- *only* elective cardiac catheterization program in Yakima County;
- *only* hospital in Sunnyside, Washington;
- *only* hospital in Toppenish, Washington; and
- *only* obstetric services in the Lower Valley of Yakima County (both at Sunnyside and Toppenish).

Id.

4. Collectively, the Debtors provide the following services: allergy testing and treatment program, ambulatory surgery, audiology, behavioral health/psychiatry, breast health center, cancer care, cardiac electrophysiology, cardiac rehabilitation, cardiothoracic surgery, catheterization lab, colorectal surgery, critical care medicine, diabetes education, diagnostic imaging and radiology, ear, nose and throat, emergency services, endocrinology, family medicine, gastroenterology, gynecological surgery, heart care, hand surgery, heart failure, home health, hospice, hospitalists, inpatient behavioral health, internal medicine, interventional cardiology, laboratory, life transitions intensive out-patient program, maternity services, medical withdrawal management, nephrology, neurosurgery, spine care, nutritional services, obstetrics and gynecology, occupational medicine, orthopedics, orthopedic surgery, outpatient palliative care, speech therapy, physical therapy, pediatrics, pharmacy, plastic and reconstructive

1 surgery, podiatry, rehabilitation, inpatient rehabilitation, rheumatology, senior
2 services, sleep medicine, sports medicine, stroke care, surgical services, robotic
3 surgery, general surgery, telehealth, urology, urological surgery, walk-in care,
4 women's health, vascular medicine, and wound care center. *Id.* at ¶ 15.

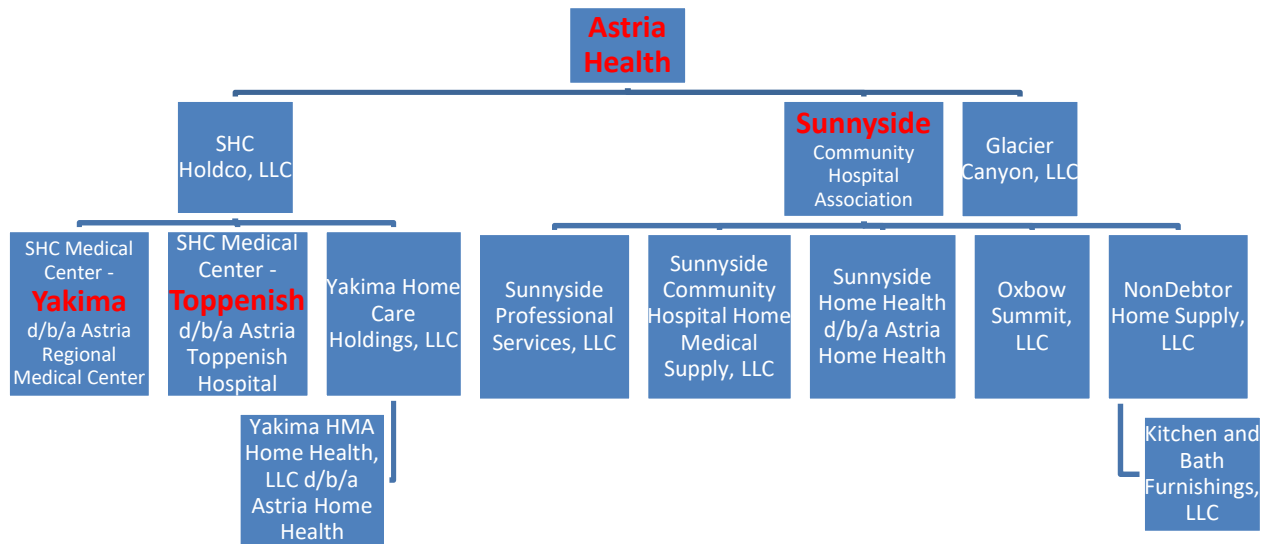
5 **C. Financial Overview**

6 5. The Debtors collectively have a total of approximately \$72 million of
7 outstanding secured debt. *Id.* at ¶ 16. A significant portion of their outstanding
8 principal debt is pursuant to credit agreements to which SHC Holdco, Yakima,
9 Toppenish, and either Astria or Yakima Home Care are all borrowers, and certain
10 of their non-filing affiliates are either co-borrowers or guarantors, and whose assets
11 all serve as security therefor. *Id.*

12 6. As of the Petition Date, the Debtors also collectively have a total of
13 approximately \$95 million in unsecured debt, not including amounts owed among
14 the Debtors, affiliates, and subsidiaries. *Id.* at ¶ 17.

15 **D. Each Debtor Company Is A Direct Or Indirect Affiliate of Astria**

16 7. The following graphic depicts the prepetition organizational structure
17 of the Debtor entities:
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Id. at ¶ 18.

8. As depicted above, Astria is the sole member of Debtors SHC Holdco, Sunnyside, and Glacier. *Id.* at ¶ 19. SHC Holdco is, in turn, the sole member of Debtors Yakima, Toppenish, and Yakima Home Care. *Id.* Yakima Home Care is, in turn, the sole member of Debtor Yakima HMA Home Health. *Id.* Sunnyside is the sole member of Debtors SPS, Sunnyside Home Medical Supply, Astria Home Health, and Oxbow Summit; and the sole member of nondebtor Home Supply, LLC, which, in turn, is the sole member of Debtor K&B. *Id.*

E. Unions Represent Employees Across All Companies

9. The system employs approximately 1,547 employees (making it one of the largest employers in the Yakima Valley), of whom 1,230 are full-time, 70 are part-time, and 247 are *per diem*. *Id.* at ¶ 20. Approximately 36% of the Debtors' employees—approximately 559 employees in total—are represented by collective bargaining units, specifically through Washington State Nurses Association or

1 SEIU Healthcare 1199NW. *Id.* Approximately 600 doctors have privileges at the
2 Hospitals. *Id.*

3 **SUMMARY OF REQUESTED RELIEF**

4 **A. Joint Administration and Consolidated Lists**

5 10. The Debtors jointly request, pursuant to Bankruptcy Rule 1015(b),
6 entry of an order on an emergency basis directing joint administration of these
7 Chapter 11 Cases for procedural purposes only, to include:

- 8 (a) use of a single pleadings docket for administrative matters under the
9 lead case: *In re Astria Health*; and the filing, lodging and docketing of
10 pleadings and orders, where appropriate;
- 11 (b) use of a single pleading caption;
- 12 (c) use of a consolidated mailing matrix (or matrixes), and the combining
13 of notices to creditors and other parties-in-interest, where appropriate;
- 14 (d) combined scheduling of hearings, where appropriate;
- 15 (e) consolidated billing by professionals employed by the estates, subject
16 to review and apportionment of billing should the need arise;
- 17 (f) joint and several liability of the Debtors' estates for general
18 administrative expenses that equally benefit all the estates; and
- 19 (g) joint handling of other administrative matters that may aid in the
20 expeditious and economical administration of the Debtors' estates.

21 The Debtors propose:

- to use the case caption that is set forth at page 19 of this Motion;
- for entry of an order approving this Motion.
- to give notice to all known creditors and interested parties advising them of the joint administration; and
- that the Court direct the Clerk of the Court to place a notation, like that set forth at page 19, in the docket maintained for each of the Debtors' Chapter 11 Cases to reflect that the cases are being jointly administered.

B. Limited Notice

11. The Debtors further request that the Court limit the scope of service of all notices, motions, or applications, and their related declarations, exhibits or orders, including, but not limited to, the following:

- any proposed use, sale, or lease of property of the estate pursuant to § 363 and Bankruptcy Rules 2002(a)(2), 4001(b), and 6004;
- any proposed debtor in possession financing or use of cash collateral;
- any proposed extension of the Debtors' exclusive time to file a plan of reorganization and solicit acceptance thereof (including, without limitation, the time to file a disclosure statement) pursuant to § 1121 and Bankruptcy Rule 3016;
- any proposed approval of a compromise or settlement of a controversy pursuant to Bankruptcy Rules 2002(a)(3) and 9019 and/or § 363;
- any proposed abandonment or disposition of property of the estate pursuant to § 554 and Bankruptcy Rules 6007(a) or (c);
- any proposed assumption, assumption and assignment or rejection of contracts or leases pursuant to § 365 and Bankruptcy Rule 6006(a) or (c);

- any proposal to prohibit or condition the use, sale or lease of property pursuant to § 363 or Bankruptcy Rule 4001(a);
- any proposed objections to claims pursuant to § 502 or Bankruptcy Rules 3002, 3003 or 3007;
- any verified statement filed by any entity or committee (other than those appointed pursuant to §§ 1102 or 1104) representing more than one creditor pursuant to Bankruptcy Rule 2019(a) and any motion filed in respect thereof pursuant to Bankruptcy Rule 2019(b);
- any proposed application for employment of professionals pursuant to §§ 327, 1103 or 1104 or Bankruptcy Rule 2014;
- any proposed application for compensation or reimbursement of expenses of professionals, pursuant to §§ 328, 329, 330, or 331 and Bankruptcy Rules 2002(a)(6), 2016, 2017, and 6005; except as provided by other orders of this Court;
- a hearing on any other contested matter in this Case that requires notice to all creditors or equity holders pursuant to the Bankruptcy Code, Bankruptcy Rule 9014, or the LBR; and
- all other pleadings, papers, and requests for relief or other order of the Court, except as limited below.

The notices, motions and applications for which the Debtors are seeking to limit notice are hereinafter referred to as the “Limited Notice Matters.” For the avoidance of doubt, the Limited Notice Matters include all the “first day” motions filed on or around the Petition Date.

12. Notwithstanding the foregoing, the relief requested in this Motion does not affect the rights of all creditors to receive notice of the following matters or proceedings: (i) the date fixed for filing proofs of claim; (ii) the time fixed for filing objections to any disclosure statement and any hearing to consider approval

1 of any disclosure statement; (iii) the time fixed for accepting, rejecting, or objecting
2 to confirmation of a plan or any modification thereof and the hearing thereon;
3 (iv) the entry of an order confirming a plan; and (v) a hearing regarding the
4 dismissal or conversion of this Case (the “Complete Notice Matters”).

5 ARGUMENT

6 **A. Joint Administration Of These Cases Is Appropriate**

7 Bankruptcy Rule 1015(b) makes clear that joint administration may be
8 appropriate when two or more related debtor entities have filed for protection under
9 the title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy
10 Code”). *See, e.g., In re Brookhollow Assocs.*, 435 F. Supp. 763 (D. Mass. 1990),
11 *aff’d*, 575 F.2d 1003 (1st Cir. 1986) (joint administration helps the Bankruptcy
12 Court administer economically and efficiently different estates with substantial
13 interests in common). Requests for joint administration of bankruptcy cases have
14 been granted in this District. *See, e.g., In re Metro. Mortgage & Secs. Co.*, No. 42,
15 Case No. 04-00757-FPC11 (Bankr. E.D. Wash. Feb. 4, 2004). Furthermore, despite
16 LBR 1015-1(b)(1)’s general requirement that motions for joint administration be on
17 twenty-one (21) days’ notice and hearing, this Court has effectively waived that
18 requirement before and authorized joint administration on the first day of a chapter
19 11 case, on the same day the motion for joint administration was filed. *Id.* Here,
20 too, the Debtors request waiver of the strict notice requirement of LBR 1015-

1 1(b)(1) and request that this Motion be granted—and joint administration be
2 authorized—on shortened notice and without a hearing.

3 Joint administration of these estates is designed to allow for more expeditious
4 and less expensive administration of related cases. The Advisory Committee Note
5 (1983) to Bankruptcy Rule 1015 states:

6 Joint administration is distinguished from consolidation
7 and may include combining the estates by using a single
8 Docket for the Matters occurring in the administration,
9 including the listing of filed claims, the combining of
10 Notices to Creditors of different estates, and the joint
11 handling of other purely administrative matters that may
12 aid in expediting the cases and rendering the process less
13 costly.

14 In this regard, joint administration for procedural and administrative matters
15 differs significantly from substantive consolidation, in which the Debtors' assets
16 and liabilities are pooled and the creditors of the separate entities jointly share *pro*
17 *rata* in the aggregate net value of the estates. *See In re Standard Brands Paints*
18 *Co.*, 154 B.R. 563 (Bankr. C.D. Cal. 1993); *In re I.R.C., Inc.*, 105 B.R. 237, 241
19 (Bankr. S.D.N.Y. 1989).

20 Joint administration is merely procedural, and there is no impact on the
21 substantive rights of creditors. *In re Gianulias*, No. BAP CC-12-1194-PADKL,
2013 WL 1397430, at *6 (B.A.P. 9th Cir. Apr. 5, 2013); *In re N.S. Garrott & Sons*,
63 B.R. 189, 191 (Bankr. E.D. Ark 1986). Each creditor may still file its claim
against a particular Debtor's estate by filing its proof of claim in the estate of the

1 particular Debtor against who the claim is asserted.

2 Joint administration also is envisioned by LBR 1015-1(b)(1), which
3 expressly sets forth certain requirements for a “motion for an order that two or more
4 cases be jointly administered[.]” Again, although that rule also includes certain
5 notice procedures, this Court can and has effectively waived them. *Metro.*
6 *Mortgage*, at No. 42 (entering joint administration order on first day of chapter 11
7 case). The Debtors request similar waiver in this instance.

8 The Debtors request entry of an order that will enable the Chapter 11 Cases
9 to proceed expeditiously and efficiently from immediately after the filing date.
10 Joint administration of these Debtors’ estates will maximize and preserve the estate
11 for the benefit of their creditors. Bankruptcy Rule 1001 provides, in pertinent part,
12 “[t]hese rules shall be construed to secure the just, speedy and inexpensive
13 determination of every case and proceeding.” The Debtors are requesting that the
14 Court expeditiously enter an order to secure the just, speedy, and inexpensive
15 administration of these related Chapter 11 Cases.

16 Joint administration of the Chapter 11 Cases of the Debtors is warranted and
17 appropriate under Bankruptcy Rule 1015(b). As set forth in the attached
18 Declaration of John Gallagher, the affairs of the Debtors are sufficiently intertwined
19 to make joint administration of their Chapter 11 Cases more efficient and
20 economical than separate administration. Gallagher Dec. ¶ 21. For example: the
21 Debtors are “affiliates” of each other as that term is defined in the Bankruptcy

1 Code, inasmuch as the twelve Debtor entities related to Astria are all either its
2 direct or indirect subsidiaries. *See id.*; 11 U.S.C. § 101(2).

3 Furthermore, the Debtors have systemized many of their operations, with
4 ongoing plans to continue systemizing the rest, so that functions once performed by
5 each Debtor are being transitioned and performed by Astria and have already been
6 or are in the process of being standardized, such as pharmacy operations,
7 credentialing, IT and case management. Gallagher Dec. ¶ 22. Employees across all
8 three Hospitals are represented by the same two Unions. *Id.*

9 Moreover, the Debtors share common creditors, many of which are identified
10 in the consolidated list of the 30 largest unsecured creditors for all of the Chapter 11
11 Cases filed in each case. *Id.* at ¶ 23. Many of the Debtors' largest trade vendors
12 provide goods and/or services to all of the Hospitals. As part of the capital
13 structure, multiple Debtors are obligated on multiple obligations. *Id.*

14 As set forth in the Gallagher Declaration, the Debtors believe that joint
15 administration of the Chapter 11 Cases will provide significant administrative
16 efficiencies without harming the substantive rights of any party in interest. *Id.* at
17 ¶ 3. Many of the motions, hearings and orders that will be filed in the Chapter 11
18 Cases almost certainly will affect each of the Debtors. The entry of an order
19 directing joint administration of the Chapter 11 Cases will reduce fees and costs by
20 avoiding duplicative filings, objections, notices, and hearings, and will allow all
21 parties in interest to monitor the Chapter 11 Cases with greater ease and efficiency.

1 The relief requested in the Joint Administration Motion is in the best interests of the
2 Debtors' estates, their creditors, and all other parties in interest and will enable the
3 Debtors to continue to operate their businesses in chapter 11 with the least
4 disruption. *Id.*

5 The rights of the creditors of the respective Debtors' estates will not be
6 adversely affected by the proposed joint administration of these Chapter 11 Cases,
7 as the relief sought is purely procedural and is not intended to affect substantive
8 rights. The Debtors believe that there would be no material prejudice to any
9 creditor if the Debtors' Chapter 11 Cases are jointly administered. To the contrary,
10 the Debtors' creditors will benefit from a substantial reduction of administrative
11 costs and fees and will receive streamlined, appropriate notice of pertinent matters.
12 Moreover, to the extent any conflict between the estates arises, the Court may take
13 such steps as are required in the future, to modify its joint administration order to
14 eliminate any such conflict.

15 The Clerk's Office will be relieved of the burden of having to maintain
16 separate pleading files and separate Dockets with duplicative entries, while other
17 professionals will be relieved of duplicate noticing and excessive copying costs
18 associated with separate service of identical pleadings in each of the Debtors'
19 Chapter 11 Cases. Creditors will only need to review a single pleading and docket
20 to determine case status, rather than having to review pleadings and dockets in all
21 pending Chapter 11 Cases. Supervision of the administrative aspects of the Chapter

1 11 Cases by the Office of the United States Trustee also will be simplified.

2 In summary, entry of an order granting this Motion will eliminate the further
3 need for the Debtors to file identical motions and orders in each of their Chapter 11
4 Cases when seeking relief that is common to the Debtors or to more than one
5 Debtor; joint administration will prevent the waste of judicial resources related to,
6 for example, the docketing of identical motions, declarations and orders; and joint
7 administration will permit the avoidance of substantial (and duplicative) copy costs
8 and service costs to these estates associated with the filing and serving of motions
9 and other pleadings in multiple cases. Based on the foregoing, the Debtors
10 respectfully submit that joint administration is in the best interests of creditors and
11 these estates and that cause exists to grant the Motion.

12 In the event the Court orders joint administration of these Chapter 11 Cases,
13 the Debtors respectfully suggest that the **Astria case be used as the lead case** and
14 that the following caption be approved:

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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

In re

ASTRIA HEALTH, *et al.*,¹

Debtor and Debtor
In Possession.

Chapter 11

Lead Case No. 19-01189-11

Jointly Administered

¹ The Debtors, along with their case numbers, are as follows: Astria Health (19-01189-11), Glacier Canyon, LLC (19-01193-11), Kitchen and Bath Furnishings, LLC (19-01194-11), Oxbow Summit, LLC (19-01195-11), SHS Holdco, LLC (19-01196-11), SHC Medical Center - Toppenish (19-01190-11), SHC Medical Center - Yakima (19-01192-11), Sunnyside Community Hospital Association (19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (19-01197-11), Sunnyside Home Health (19-01198-11), Sunnyside Professional Services, LLC (19-01199-11), Yakima Home Care Holdings, LLC (19-01201-11), and Yakima HMA Home Health, LLC (19-01200-11).

To assist creditors, the Debtors propose that the Clerk of the Court place the following notation in the docket for each of the Debtors' Chapter 11 Cases:

An Order has been entered in this case directing the procedural consolidation and joint administration of the chapter 11 cases of Astria Health (Case No. 19-01189-11), Glacier Canyon, LLC (Case No. 19-01193-11), Kitchen and Bath Furnishings, LLC (Case No. 19-01194-11), Oxbow Summit, LLC (Case No. 19-01195-11), SHC Holdco, LLC (Case No. 19-01196-11), SHC Medical Center - Toppenish (Case No. 19-01190-11), SHC Medical Center - Yakima (Case No. 19-01192-11), Sunnyside Community Hospital Association (Case No. 19-01191-11), Sunnyside Community Hospital Home Medical Supply, LLC (Case No. 19-01197-11),

1 Sunnyside Home Health (Case No. 19-01198-11),
2 Sunnyside Professional Services, LLC (Case No. 19-
01199-11), Yakima Home Care Holdings, LLC (Case No.
3 19-01201-11), and Yakima HMA Home Health, LLC
(Case No. 19-01200-11).

4 Consult the Docket in Case No. 19-01189-11 for all
5 matters affecting these cases.

6 The Debtors also will serve a copy of the Order upon all parties in interest,
7 notifying creditors that the Chapter 11 Cases are being jointed administered.

8 **B. Establishing Limited Notice Procedures In These Cases Is Appropriate**

9 The Bankruptcy Code, the Bankruptcy Rules, and the LBR provide this
10 Court with authority to establish case management procedures that are tailored to
11 address the specific needs of a given case and reduce the costs of providing notice.
12 Bankruptcy Rule 2002(m) provides that “[t]he court may from time to time enter
13 orders designating the matters in respect to which, the entity to whom, and the form
14 and manner in which notices shall be sent except as otherwise provided by these
15 rules.” Fed. R. Bankr. P. 2002(m). Bankruptcy Rule 9007 provides that “[w]hen
16 notice is to be given under these rules, the court shall designate, if not otherwise
17 specified herein, the time within which, the entities to whom, and the form and
18 manner in which the notice shall be given.” Fed. R. Bankr. P. 9007. In addition,
19 the Local Rules specifically authorize the Court to limit the parties entitled to
20 receive notice to “those with a potential good faith objection to the proposed order
21 or action” and establish a limited mailing list for such purposes. LBR 2002-1(b)(1),

1 (d)(1)(B).

2 Section 105(a) of the Bankruptcy Code authorizes the Court to “issue any
3 order, process, or judgment that is necessary or appropriate to carry out the
4 provisions of this title.” 11 U.S.C. § 105(a). Section 102(1)(A) further provides
5 that the phrase “after notice and a hearing” as used in the Bankruptcy Code shall be
6 construed as meaning “such notice as is appropriate in the particular
7 circumstances.” 11 U.S.C. § 102(1)(A). Moreover, courts possess the inherent
8 power to manage cases before them in an efficient manner. *See In re DSC, Ltd.*,
9 325 B.R. 741, 744 (Bankr. E.D. Mich. 2005) (“In setting an earlier, pre-trial
10 deadline in this case, the Court simply exercised its normal case management
11 authority, in the interest of orderly, fair, and efficient proceedings. The Court
12 clearly has such authority, under the Bankruptcy Rules and applicable rules.”).

13 Bankruptcy Rule 2002(i) provides, in pertinent part:

14 [T]he Court may order that notices required by
15 subdivision (a)(2), (3) and (6) of this rule be transmitted
16 to the United States Trustee and be mailed only to the
17 committees . . . appointed under § 1102 of the Code or to
18 their authorized agents and to the creditors and equity
19 security holders who serve on the trustee or debtor in
20 possession and file a request that all notices be mailed to
21 them.

18 Fed. R. Bankr. P. 2002(i). In addition, Bankruptcy Rules 4001, 6004, 6006, 9006,
19 9007, 9013, 9014 and 9019 each allow this Court to determine those parties to
20 whom the Debtors must provide notice.

1 LBR 2002-1 expressly allows for there to be two separate mailing lists: a
2 Master Mailing List (“MML”) and a Limited Mailing List (“LML”). The LBR
3 provides that both lists will be maintained by the office of the Clerk, with the MML
4 produced and maintained automatically, and the LML established after notice and
5 hearing. LBR 2002-1(d)(1)(A)-(B). Once these lists are established, any “[n]otice
6 required . . . to be given to all creditors is *presumed to be appropriate* if provided to
7 all entities on an MML *or LML* retrieved from the database of the court within five
8 (5) days of the notice, and as required by [Bankruptcy Rules] 2002 and 9036.”
9 LBR 2002-1(d)(1) (emphasis added). Furthermore, this Court has previously
10 granted similar relief. *See, e.g., In re The Catholic Bishop of Spokane a/k/a The*
11 *Catholic Diocese of Spokane*, No. 15, Case No. 04-08822-FPC11 (Bankr. E.D.
12 Wash. Dec. 6, 2004).

13 Given that there are approximately one thousand creditors in this case, it
14 would be impractical and would impose a large administrative and economic
15 burden upon the Debtors’ estates if the Debtors were required to mail notice of
16 every matter in this Case to all parties listed on the creditor matrix. Under the
17 circumstances, the Debtors request that the notice procedures outlined below (the
18 “Notice Procedures”) be implemented to establish an efficient protocol to provide
19 notice to interested parties in this case.

20 1. Proposed Notice Procedures

21 As permitted by Bankruptcy Rules 2002(i) and (m) and LBR 2002-1, the

1 Debtors propose that the Court enter an order that, to the extent allowed, limits the
2 parties upon whom the Debtors must serve the Limited Notice Matters in these
3 Chapter 11 Cases. This Order should also designate the manner of service as set
4 forth below regarding all matters for which the Bankruptcy Code and the
5 Bankruptcy Rules authorize the Court to designate the manner of service, including
6 matters subject to Bankruptcy Rules 2002(i), 4001, 6004, 6006 or 6007 and LBR
7 2002-1, 6004-1, 6006-1 or 6007-1. It is well within the Court's authority to
8 regulate notices and to approve the notice procedures proposed by the Debtors.
9 Further, these notice procedures will minimize administrative burdens in this Case
10 without diminishing creditor participation.

11 *a. Service of Limited Notice Matters that Are Not Emergency or*
12 *Expedited Motions*

13 Specifically, the Debtors propose that notices regarding the Limited Notice
14 Matters that will be heard on regular notice be served by first class mail upon only
15 the LML, comprising the following: (a) counsel to the Debtors (Dentons US LLP,
16 601 South Figueroa Street, Suite 2500, Los Angeles, CA 90017, Attn: Samuel R.
17 Maizel, Esq.; Dentons US LLP, 1900 K Street, Washington, DC 20006, Attn: Sam
18 J. Alberts, Esq.; Bush Kornfeld LLP, 601 Union Street, Suite 5000, Seattle, WA
19 98101, Attn: James L. Day, Esq.), (b) the Office of the United States Trustee, (c)
20 the creditors appearing on the list filed in accordance with Bankruptcy Rule
21 1007(d) by the Debtors unless and until a Committee is appointed and it retains

1 counsel, then in such event, to counsel for the Committee, (d) the United States of
2 America, by service to the Attorney General of the United States and the United
3 States Attorney for the Eastern District of Washington, and any department or
4 agency of the United States of America that is affected by the Limited Notice
5 Matter until counsel for the United States makes an appearance on behalf of that
6 department or agency, and, thereafter on that counsel, (e) the State of Washington,
7 by service to the Attorney General of Washington, and any department or agency of
8 the State that is affected by the Limited Notice Matter until counsel for the State
9 makes an appearance on behalf of that department or agency, and thereafter on that
10 counsel, (f) parties that file with the Court and serve upon the Debtors requests for
11 notice of all matters in accordance with Bankruptcy Rule 2002(i) and who
12 expressly request hard copy service (and absent such request, will receive service
13 electronically, consistent with LBR 2002-1(b)(3)), (g) all secured lenders, (h)
14 counsel for the lenders providing debtor in possession financing (Arent Fox LLP,
15 1301 Avenue of the Americas, Floor 42, New York, NY 10019, Attn: Robert M.
16 Hirsh, Esq. and Jordana L. Renert, Esq.), and (h) any party with a pecuniary interest
17 in the subject matter of the particular Limited Notice Matter or its counsel.

18 *b. Service of Limited Notice Matters that Require Emergency or*
19 *Expedited Relief*

20 Pursuant to LBR 2002-1(b)(3), motions filed in these Chapter 11 Cases that
21 require emergency or expedited relief must be served by email, fax or personal

1 service. In some instances, service by one of the means listed is not possible within
2 the time frame available or is not practical (*e.g.*, service on a very large group for
3 which a debtor has no fax or email addresses readily available). The Debtors
4 propose that service of emergency or expedited Limited Notice Matters be upon
5 only the LML and that, in addition to the service methods authorized by LBR 2002-
6 1(b)(3), service of emergency or expedited Limited Notice Matters by overnight
7 delivery be authorized if such notice will be delivered prior to the scheduled
8 hearing time.

9 **2. The Limited Notice Procedures Are Necessary and Appropriate**

10 The above proposed limited notice procedures are necessary and appropriate
11 given that the creditor body is large and many of the creditors would not be
12 interested in receiving copies of all the Limited Notice Matters, but would find
13 service of all these motions and other documents wasteful. Requiring notice to, and
14 service upon, so many parties, therefore, would substantially augment the cost and
15 administrative burden on the Debtors, without conferring any meaningful benefit to
16 the Debtors' estates, and thus would diminish the assets ultimately available for the
17 operations of the Debtors and distributions to creditors. Further, allowing service
18 of an emergency motion by overnight delivery in the instances outlined above
19 provides parties on the LML with adequate notice and preserves the Debtors'
20 ability to bring such matters on a timely and efficient basis. The Debtors submit
21 that such notice constitutes due and sufficient notice of the Limited Notice Matters.

1 If this Motion is granted, the Debtors will provide a copy of the LML to any
2 creditor or party in interest that requests it. *The Debtors will also send a copy of*
3 *any order granting this Motion to all known creditors.*

4 NOTICE

5 Counsel to the Debtors will serve this Motion, the Declaration of John
6 Gallagher, and the Notice of First Day Motions on: (i) the Office of the United
7 States Trustee; (ii) all secured lenders and lenders providing debtor in possession
8 financing; (iii) the thirty (30) largest general unsecured creditors appearing on the
9 consolidated list filed in accordance with Bankruptcy Rule 1007(d); (iv) the United
10 States of America and the State of Washington; and (vi) parties that file with the
11 Court and serve upon the Debtors requests for notice of all matters in accordance
12 with Bankruptcy Rule 2002(i).

13 In the event that the Court grants the relief requested by the Motion, the
14 Debtors shall provide notice of the entry of the order granting such relief upon each
15 of the foregoing parties and any other parties in interest in accordance with the
16 Local Bankruptcy Rules and as the Court directs. The Debtors submit that such
17 notice is sufficient and that no other or further notice be given.

18 CONCLUSION

19 WHEREFORE, the Debtors respectfully request that the Emergency Motion
20 be granted and an Order be issued that:

21 (1) authorizes the joint administration of the Debtor's bankruptcy estates;

- 1 (2) approves the form of caption suggested herein;
2 (3) authorizes the use of consolidated lists;
3 (4) approves the limited notice procedures set forth herein, specifically the
4 use of the LML for Limited Notice Matters; and
5 (5) grants such other and further relief as this Court deems just and proper
6 under the circumstances.

7 Dated: May 6, 2019

8 /s/ James L. Day
9 JAMES L. DAY (WSBA #20474)
BUSH KORNFELD LLP

10 SAMUEL R. MAIZEL (*Pro Hac Vice*
11 pending)
12 SAM J. ALBERTS (WSBA #22255)
DENTONS US LLP

13 *Proposed Attorneys for the Chapter 11*
14 *Debtors and Debtors In Possession*

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